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## DOES COLONIZATION PAY?

*By M. Heffner, M.A., Worcester Polytechnic Institute*

When the question, "Does colonization pay?" first proposed itself to me, I should have answered at once in the affirmative, since colonization is such an outstanding feature of the policy of the great nations. After I had begun to read some of the literature on the subject, I was convinced that colonization does not pay, and now, after having pursued the issue more thoroughly, I am constrained to confess that I cannot answer the question in general terms at all, but believe that any valuable opinion must be based upon limited and concrete instances of colonization, from the agglomeration of which, owing to the disparity of results which is bound to appear, no general conclusion can properly be drawn.

The prime importance of the colonial question seems to me to justify at least a brief consideration of its difficulties, for the problem of colonial expansion is, in its ramifications, and surely in the principles involved, the most vital issue before the governments of the world today.

An enduring peaceful settlement of the colonial problem is scarcely to be hoped for except through a fundamental revision of the prevalent theory of property rights and a drastic upset of the existing economic order, such as the abolishment of interest on money; yet without such revolutionary changes, much may be accomplished to ameliorate the present difficult situation.

Colonization is, to my mind, the physical manifestation of man's attempt to gratify what Prof. William Graham Sumner<sup>1</sup> has aptly termed "Earth Hunger." "Men want more land without assignable limit because in that way they get a good living more easily and improve their class

<sup>1</sup> *Yale Review*, III; 2.

position." This may be termed "Economic Earth Hunger." As a companion to such Economic Earth Hunger, history and present-day observation present us with the spectacle of "Political Earth Hunger" the appetite of states for territorial expansion, which we usually designate as Imperialism.

Among the economic factors which lead men to seek expansion through colonization we may note first the desire to exploit a virgin land. Pure exploitation as an end of colonization is however, in modern days, exceedingly rare, and this for obvious reasons. A second factor, which is economic only by courtesy, is the so-called crusading spirit. Von Bülow has said, "Every nation is convinced of the higher value and consequently the better right of its own civilization and is inspired with the strong desire, which is like an unconscious natural force, to attain more and more authority for its own civilization." With regard to this spirit as a cause of colonization however, we are constrained to say that the spread of civilization is more often a consequence than an aim of colonization; and that "Civilization as a justifiable object of the crusading spirit cannot be given a narrow national interpretation. At all times and everywhere the moral interest in expansion is an international interest."<sup>2</sup> A factor which has been much stressed in some quarters is the demand for an outlet for surplus population. Such an aim of colonization presupposes colonial territory in which citizens of the mother country can live under conditions similar to those of their home land, or at least conditions demanding no radical change of adaptation. More pressing is the cry for sources of raw materials for home industries and for food products to supplement those of the industrial home-land, and these, sources from which the national industry cannot be excluded. Much also has been said of the need for markets for the manufactured products of the home country. But this desire for markets is less acute today than the desire for fields for the investment of the excess capital produced by the home industries. This desire is seen rather in the call

<sup>2</sup> A. S. Johnson. *Unpop. Rev.*, January-March, 1915.

for concessions, monopolies and spheres of influence than in the cry for new colonies.

In addition to these economic factors, the duty of protection forces a colonizing state to seek colonies with little inherent economic value as naval and military bases for the protection of colonial possessions and trade routes.

The chief and more aggressive colonizing nations of the world are the industrial nations, and we may see in the reasons which lead them to colonial expansion chiefly the economic factors incident to industrialism and capitalism, namely, the overproduction of manufactured goods, a low supply of raw materials, insufficient production at home of food stuffs and the creation of surplus capital.

Out of such economic factors has grown the impetus to political expansion, the desire politically to control the territories where the desired economic values exist. This political expansion manifests itself in (1) the Sphere of Interest, an almost purely economic arrangement in which there is no formal political interference with the local administration; (2) the Protectorate, in which we find a partial limitation of the governmental functions of the local authorities; and (3) the colony proper, where complete control politically lies in the hands of the colonizing nation, which may, if it sees fit, set up a sort of local self-government. Naturally, there is never the clear and sharp line of cleavage between these forms of administration in their actual application, which we have drawn in our classification. They tend to merge into one another according to the status of civilization found in the native population of the territory concerned.

The nations of the world are engaged in a contest for the possession of the only markets left open capable of yielding the needed raw materials and food, of absorbing surplus manufactures and excess capital. This is due to the concentration of population and the intensification of industry at the expense of husbandry and agriculture. The limit of concentration being approached, a centrifugal rush is bound to occur or the organism will be crushed by its own weight. This centrifugal movement may be said to find

its expression in the rush for the few remaining spots of the earth where colonization is yet possible.

We are asked "Does colonization pay?" Shall we include in our answer the existing colonial empires of the world, or shall we simply ask, "Is there possible any further colonization which could pay the colonizing country?" As it is impossible to answer the latter question except by analogy to the results of present and former ventures, this distinction may be dropped. The situation is still further complicated by the instability of civilization; we are, or were erstwhile, proposing spheres of interest in Asia Minor, where once was found the richest civilization of the then world!

Before attempting to say that colonies do or do not pay, it is quite essential that we set ourselves aright as to who is to be paid. Who is in question when we ask, "Does colonization pay?" This brings us to the well known issue, "Shall the flag follow the investor?" and the like questions which group themselves around this idea.

In the consideration of this question we come hard upon the interplay of economic and political forces, upon capitalism, as the term goes, in intimate interaction with imperialism. (I speak of the "-isms" with fear and trembling, and solely for the sake of brevity.)

To a nation whose citizens place their economic interests outside the political limits of their own country there are two policies open. First. It may maintain a strict and rigorous distinction between the political status and the economic interests of those citizens, making it plain that all such foreign investments made for the sake of private profit entail only private risk; that under no conditions will the nation interfere to save the individual from dangers and losses incident to such investment. Second. It may seek by territorial expansion to bring about a new correspondence between its political area and the area of the economic interests of its citizens. The first policy is logically sound for any country, the second is only applicable in the case of small, decadent or new countries.<sup>3</sup> The disturbing feature

<sup>3</sup> J. A. Hobson. *Contemp. Rev.*, vol. 77; 1 ff.

of all foreign politics, however, is the opportunism, with its attendant inconsistencies, which crop out in the policy of the colonizing nations as the result of their failure to accept and adhere to either of the above attitudes.

The general conception of the economic expansion of its citizens as the measure of the "manifest political destiny" of the state is in good truth the ubiquitous colored person whom liberals would drive from the shelter of the national wood-pile. They consider this conception the most fertile source of difficulty, the prime reason for armaments and international friction.

Speaking of the relationship between colonial commercial interests and war and armaments, Mr. Brailsford<sup>4</sup> says, "The nexus is simple and clear, and it will hold as long as diplomacy continues to engage in this disguised imperial trading, so long as capital possesses nationality and regards the flag as an asset."

The arguments advanced for the other side of this issue are apt either to be those of patriotism offering protection to the imperilled "fellow citizen" or to be characterized chiefly by the identification of private with national interests. For instance, Mr. Carman of Montreal says,<sup>5</sup> "We went into Egypt to save the value of our bonds, they tell us. Well, what if we did? Has any other nation exhibited a cheerful willingness to let debtor nations escape the payment of their debt?" In so far as those bonds were government bonds, well and good, we recognize foreclosure as legal. In so far however, as they were private bonds there is a just ground for objection.

We see in this issue two diverging paths; the one, the path of individualism; the other, the path of collectivism. The spectacle of a great government seeking to progress, while trying to keep one foot in either path is too tragic to be amusing. The governments of the world have to choose and choose soon which path they will tread in their colonial policy. Whether they will, with the Anglo-Saxon, remain individualistic, and shape their colonial policy logi-

<sup>4</sup> H. N. Brailsford. *New Repub.*, May 8, 1915.

<sup>5</sup> Albert R. Carman. *Contemp. Rev.*, vol. 77; 18 ff.

cally after the first of the two principles stated above; or whether, with Germany, they will adopt State Socialism, the collectivistic ideal, nationally, and going into business as nations, do what they can after the second of the principles mentioned.

Any policy which will tend to cut the nexus between economic expansion and political imperialism will make for the peace of our world. The absolute impossibility of applying the second principle to any but new, weak or decadent territories is adequately and eloquently proved in the present world cataclysm. It is impossible for any great nation to include within itself politically all or even the greater portion of the territories, which stand in close economic relation to it. Consistency would demand the extension of the recognition of this fact to those new and helpless lands which could be subjugated politically. The keynote of economic development is efficiency in concentrating into coöperating big units the economic forces of the entire earth. This aim transcends all the bounds of nationality, is incompatible and irreconcilable with the principles of democratic nationhood. This whole issue of political expansion, including therefore colonization, is intimately bound up with the theory of the state; shall we have an individualistic or a collectivistic, a democratic or an autocratic state-ideal?

In attempting to evaluate a given colony, we must make up our minds, whether we are to demand from colonial enterprise profits for the national treasury commensurate with the expenditure in which as a nation we indulge in behalf of our colony; or whether we are to attempt to compute the indirect advantage to all the individuals of a nation, which accrues to them through the private gains of a relatively small class of colonial investors and workers. The latter problem is intricate, if not unsolvable, for in addition to the manifold and complex investment of home funds in colonial enterprise many of what are perhaps the greatest advantages to those not directly concerned in the business of colonization, must be reckoned as imponderables, intangible values such as national pride and patriotism.



Leaving this issue, then, stated but not decided, let us see wherein the value of a colony lies. Here we come again naturally to the aims and purposes which give rise to colonization; for directly in proportion as the colony completely fulfills the purposes of its founders is its value perfect.

*First.* Does the colony provide an outlet for the surplus population of the mother country? Does it afford relief from the pressure due to mere "protoplasmic push?" Is such relief purchased at a reasonable figure? Here we may answer that, in as much as the territories, now open to colonization in the real sense, are in the main tropical or sub-tropical and the colonizing nations of the world are in the temperate and northern areas, not much is to be hoped from any colony as an outlet for surplus population.

*Second.* Does the colony produce, or can it be made to produce food and raw materials of the kind desired by the mother country under conditions economically more favorable than otherwise possible? In point of fact, the food requirements of an industrial nation are met rather through the world-market, a round about process of trading involving nations not subject to imperial control, than through a direct quasi-tributary relation with its colonies. The same may be said of raw materials. For instance, only something like 3 per cent of the colonial products consumed in Germany come from her own colonial possessions. No expansion geographically possible can free an industrial state from its dependence upon the world-market.

*Third.* Is the state of civilization in the colony such as to enable the native residents to absorb the surplus products of the mother country's industries? Here it is interesting to note, that just so soon as the civilization of a colony begins to approach that of the mother country, there arises the demand for liberty and for self-determination, and we see for instance the richest of Great Britain's colonial enterprises, while economically united with the mother country, yet politically, free self-governing dominions, as she is proud to call them.

*Fourth.* Are the economic conditions of the colony such as to permit the profitable investment of excess capital in



the development of latent resources, of transportation facilities, etc.? This would seem perhaps the most fertile field for the colonial expansionist, but there is here too an objection. In as much as the world's capital supply is now essentially, and should be made actually an international fund, though the development of the colonial empires will no doubt bring about great gains, these gains will be international gains. Our problem is a priori with the colony as a national institution.

Finally there is the matter of the development of transportation facilities, shipping lines and railroads and the employment of men in colonial commerce and in the various colonial services. It sounds just a little strange to advocate colonial expansion with Julian Hawthorne, because it "Affords opportunities to talented young men."<sup>6</sup>

Such are the assets. Before we can balance our books we have yet to consider the liabilities, for in very good truth a colony is at once a liability and an asset, and likely to be more of the former than of the latter.

To my mind the gravest liability in the business of colonization is in the problem of colonial trade as a cause of war. Mr. H. H. Powers reckons colonies high among the "Tangible things men fight for." W. Morgan Shuster says,<sup>7</sup> "I believe that the cause of every war in the past century and many before that has been acquisitive statesmanship, the wrongful lust for land and the commerce and advantages flowing from it. It is the basic cause of the present war."

More tangible, though less vital than this supreme liability of war, are the government expenditures necessary in securing, administering, developing and protecting a colony.

Colonies are secured either by conquest or by purchase, both immensely expensive procedures. Moreover, the modern colony is essentially a subsidized adventure. Railways must be constructed and operated at a loss, shipping lines must be subsidized and capital must be loaned at low rates. Add to this the increased cost of armaments, land and naval, and we have a towering liability. Whether

<sup>6</sup> *Forum*, 27, 441.

<sup>7</sup> *Ann. Amn. Acad.*, 61, 245 ff.

this subsidy takes the direct form of the German "Reichszuschuss" or that of national bonded debt, does not alter the real issue. The gross receipts of British India in pounds sterling were<sup>8</sup> in 1906–1907, 73,144,554; 1907–1908, 71,003,275; 1908–1909, 69,761,535; the gross expenditures for the corresponding years; 71,555,179; 70,697,229; and 73,499,245. The state debt similarly was for 1906–1907, 253,884,619; 1907–1908, 266,278,197; 1908–1909, 278,393,218. In German East Africa the imperial contribution (für die Zwecke der Militärverwaltung!) was in 1910, 3,585,000 Marks, about 25 per cent the entire receipts, in 1911 and 1912 approximately the same relationship. In German South West Africa for the same year (1910) the subsidy was 14,426,000 M. or about 40 per cent the entire receipts. This colony also shows about the same conditions in 1911 and 1912. In German New Guinea the Reichszuschuss amounted in 1910 to 52 per cent; 1911, 41 per cent and 1912, 47 per cent of the receipts of that colony.

Against the commercial possibilities then, of a given colony, assets in the main not directly to the national Government, we have to weigh the liabilities (1) of government expenditures for securing, administering, protecting and improving the colony, and (2) the supreme liability of war. Both of these liabilities fall full upon the entire body of the nation, and that directly.

Colonization is an accomplished fact, an active policy. Be it profitable or not, we have it; we have to consider a very live expansionist, centrifugal tendency. If it is found to be unprofitable, it will of course eventually be dropped; to establish definitely the economic value of the colony as a national enterprise is a task which confronts the world's statesmen, and which should not longer be deferred.

We have seen the liabilities to which a colonial venture subjects the nation making it. The question now arises, can the economic interests and demands which prompt colonial policy be met without incurring the liabilities attendant upon colonial expansion, or failing this, can these

<sup>8</sup> Statistics found on this (p. 10) and following pages are chiefly from Calwer's *Jahrbuch der Weltwirtschaft*, 1912.

liabilities be mitigated, and here we think especially of the supreme liability of war.

There is no doubt that the supercession of native authority by a civilized state is an irksome and harmful step. If peaceful industry and commerce could be carried on without interference with the political regime of the native, this would be a far more desirable way. However, in the case of the so-called uncivilized races, European business methods seemingly cannot coexist with native government. Political interference is necessary. Such political interference has in the past always been in the form of a national expansion and has consequently been a source if not an immediate cause of international friction. The outstanding problem today is how to reduce this friction, how to denationalize these colonial enterprises.

Men are now proposing international control of the most vital of these colonial "bones of contention." This is a recognition of the international nature of the capital supply and economic interests of the world and of the inadequacy of national control in such areas. But international political control is relatively untried, and so far not particularly promising. There is however one policy, which has been tried and found not wanting, a policy which forms the keynote of the colonial theory of the greatest of colonizing nations, the policy of colonial free trade.

Free trade is perhaps the key that will release the solution of our colonial problem; it is at least an instrument, which if properly and extensively used, will make for a mitigation of the present critically acute competition for exclusive privileges, monopolies and preferences.

A very recent discussion of this problem from the British point of view, is that of Edward Pulsford, in his book *Commerce and the Empire, 1914 and after?* His conclusion is that free trade is the only practicable commercial relation between the mother country and the dominions, and he would advocate free trade with all markets.

The argument that free trade robs the colonizing nation of the benefits of its colonial efforts, will not stand the test of the statistics.

The argument that free trade tends to lower the standards of living, is to a certain extent valid in the case of the richer nations, since it tends to bring about an economic equilibrium, in the sense of a more even distribution of wealth. However it is difficult to see how the "Open Door" in *colonial* policy has injured the standard of living in England, the chief exponent of this policy. Our own government has stood for the "Open Door" in colonial possessions, at least of others, though in this matter, it would seem that the beam has not been completely drawn from our own political eye.

Some figures as to the status of Great Britain in the commerce of her "Colonies" under conditions of free trade, compared with our own and with a glimpse of that of Germany, will serve to throw light on the thesis, that free trade does not injure the economic status of the nation indulging in it and that preferential regulations do not nullify the economic pressure of the world-market.

India. Of India's exports in 1909, 60 per cent and in 1910, 67 per cent went to Great Britain and her possessions; of India's Imports for the same years, 43 per cent and 42 per cent respectively came from Great Britain and her possessions.

Australia. Similar calculations show for the Australian Commonwealth 74 per cent and 72 per cent imports from Great Britain and possessions, 61 per cent and 61 per cent exports to the same group.

Philippine Islands. Our position in the trade of the Philippine Islands under conditions approximating at least those of free trade was, in 1908-1909 and 1909-1910 as follows: In the former year we sent to the Islands 17 per cent of their imports and took 32 per cent of their exports; in the latter year 29 per cent and 47 per cent respectively.

Tutuila. In Tutuila the corresponding figures are: 1908-1909, imports, 7 per cent; exports, 100 per cent; in 1909-1910, imports, 12 per cent; exports, 98 per cent.

Germany, under a system of preferential arrangements shows, except in German South West Africa, but little greater dominance in the trade of her colonies, the total

commerce of which is less than it in all probability would have been but for these preferential barriers. The figures are:

German South West Africa. Imports from Germany, 1909, 76 per cent; in 1910, 77 per cent; exports to Germany, for both years, 82 per cent.

German East Africa. Imports from Germany 1909, 52 per cent; 1910, 50 per cent. Exports to Germany, 1909, 54 per cent; 1910, 60 per cent.

German New Guinea. German New Guinea in 1908 imported from Germany 35 per cent its total imports and sent to Germany 60 per cent its total export commerce. In 1909 the figures are 39 per cent and 74 per cent respectively.

In sum we may say that the policy of free trade in colonial commerce has not precluded England's enjoying the fruits of her colonial efforts.

Our own colonial trade follows the lines of economic supply and demand rather than the path of national monopoly. It is worthy of note that in the case of the Philippines, the United States has no appreciable share in the importation of fresh beef, which comes from Australasia, of lard and bacon, which come from China, or of cement, which comes from Honkong, and these are imports of large value.

Granting for the moment, that the predominance of Great Britain and of the United States in the commerce of their respective colonies is due to and dependent upon their political possession of those colonies, an assumption by no means clearly to be supported, it would seem to the writer, that until such time as the oft proposed "Union of the states of the globe into one great family of nations, united in a growing body of international law, creating institutions as they are needed to regulate international relations, bound together," etc., can be actually established, the chief move, which can be made to nullify the great liability of colonial imperialism is "The removal so far as possible, of all economic barriers and the establishment of an equality of trade conditions" in all colonial commerce.